

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of a Petition by Interstate
Power and Light Company for Authority to
Increase Electric Rates in Minnesota.

THIRD PREHEARING ORDER

This matter came on before Administrative Law Judge Richard C. Luis on November 30, 2005, at the request of Michael Hatch, Minnesota Attorney General, for the purpose of determining if an evidentiary hearing should be held regarding the settlement proposed between the Interstate Power and Light Company (IPL or the Company) and the Department of Commerce (Department). The conference was conducted by telephone.

The following persons appeared at the prehearing conference:

Jennifer Moore, Regulatory Attorney, Alliant Energy Services, 200 First Street SE, P.O. Box 351, Cedar Rapids, IA 52406-0351, appeared for Interstate Power and Light Company (IPL or the Company).

Karen Hammel, Assistant Attorney General, 1500 Bremer Tower, 445 Minnesota Street, St. Paul, MN 55101, appeared for the Department of Commerce (Department).

Ron Giteck, Assistant Attorney General, 900 Bremer Tower, 445 Minnesota Street, St. Paul, MN 55101, appeared for the Business Utilities Division of the Office of Attorney General (OAG) and Michael Hatch, Minnesota Attorney General.

Robert Harding, Rates Analyst, appeared for the staff of the Minnesota Public Utilities Commission (Commission or MPUC).

PROPOSED SETTLEMENT

1. The Company and the Department have arrived at an agreement in this matter which was filed with the Administrative Law Judge on November 7, 2005. OAG has requested the opportunity to inquire into the basis of the settlement at an evidentiary hearing.

2. The OAG limited its request for examining witness to two rate items, the residential basic charge and TRANSLink start-up costs. The Company and the Department did not oppose the request for examining witnesses in support of the settlement. The OAG did not express any interest in examining the Department's witnesses on these issues.

3. Commission staff also expressed a desire to inquire of witnesses regarding the rate item of declining block rates, and explore the issues raised in the public comment portion of the proceeding by Victoria Simonson, City Manager of Albert Lea.

WITNESSES

4. The witnesses identified by the OAG on these rate items were James Maher and Douglas Collins. OAG indicated that the examination would be limited to the particular rate items in the settlement agreement and the testimony supporting those rate items. Commission staff indicated interest in questioning James Maher and the Department's witness, Susan Pierce.

5. IPL committed to having James Maher present for the evidentiary hearing. The Company requested that Douglas Collins be allowed to appear by telephone. There was no objection to having Mr. Collins appear by telephone at the evidentiary hearing.

6. Louis Sickmann of the Commission staff received responses from IPL and the Department to questions he posed during the discovery and prefiled testimonial stages of this proceeding. Commission staff expressed a desire to have those responses included in the record of this matter. No one objected to those responses being included as an exhibit in this matter.

7. The ALJ encourages the parties to submit their questions regarding these rate issues to the witnesses in advance, where possible.

SCHEDULE

8. To carry out the foregoing within the Commission's statutory timeline for issuing a final order in this matter, the schedule is modified as follows:

Rebuttal testimony and Proposed Settlement	November 7, 2005
Evidentiary Hearing	December 12, 2005 1:30 p.m. – PUC
Posthearing Brief	To be determined (parties may be

requested to make
closing arguments in
lieu of briefing)

ALJ Recommendation

December 20, 2005

Exceptions to the Commission

To be determined

9. After the evidentiary hearing (and posthearing briefs, if any), the proposed settlement will be reviewed by the Administrative Law Judge and transmitted to the Commission for consideration. The Commission may accept or reject the settlement. In the event the settlement is not accepted, the contested case will be resumed, and a telephone conference will be held to establish a schedule to complete the prefiled testimony and conduct the hearing in this matter.¹ An extension of up to 60 days is available for the completion of this rate proceeding, should the settlement not be accepted.

Dated this 1st day of December, 2005.

_____/s/ Richard C. Luis_____
RICHARD C. LUIS
Administrative Law Judge

¹ Minn. Stat. § 216B.16, subds. 1a and 2.